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*Office Memorandum* • UNITED STATES GOVERNMENT

TO : Chief of Logistics

DATE: DEC 9 1953

FROM : Chief, Procurement Division

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SUBJECT: Comments on Report of Procurement Procedures and Problems in TSS

- REFERENCES:
- a. Memorandum to Deputy Director (Plans) from Chief, Inspection and Review dated 1 September 1953
  - b. Memorandum to Deputy Director (Plans) from Chief, Technical Services Staff dated 5 November 1953

1. The following comments are made concerning the points raised in Reference a, some of which are further commented on in Reference b:

- a. With reference to paragraph 4a of reference a, this office concurs in the statement "Fiscal audits of some completed contracts have been delayed as much as two (2) years". Attempts to rectify this situation were initiated by memorandums from this office dated 20 June 1952 and 17 December 1952 (copy attached) to the Comptroller. Insofar as the comments in Reference b on this subject are concerned stating "TSS believes that the failure of the [ ] to maintain satisfactory accounting records thus resulting in their inability to meet Government and Agency requirements was due essentially to the failure of the Contracting Officer and/or auditors to adequately brief [ ] as to the type of accounting records necessary to meet Government and Agency auditing requirements", attention is invited to the fact that as long ago as 18 July 1951 a letter was forwarded with the subject instructions to the Contractor; this letter was prepared by the Planning and Field Audit Branch and signed by the Contracting Officer.

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2. Reference is made to the question raised in paragraph 4a of Reference a concerning the percentage paid to [ ] [ ] It is stated that "It is understood that the Fiscal Division has questioned this relationship." This "relationship" came to light during the audit of the Contractor's records. The relationship was also

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5. Reference is made to paragraph 4 of "Procurement Procedure" (attachment 1) outlining the time required in the various Branches of the Procurement Division. The times stated are generally correct as averages. It is noted that all of the Branches have procured items in a much shorter time where emergency conditions existed. The longest time stated is 95 days for the Military Purchase Branch. Most of this period is beyond control of the Military Purchase Branch and represents time which D/D requires in processing orders through its procedures. It is noted that the subject paragraph 4 refers to the "Civilian Purchase Branch". As a matter of information the correct name of this Branch is "Purchase Order Branch".

25X1 6. With reference to the paragraph of attachment 1 entitled [redacted] and which states "a seven percent charge is incurred in purchases of this sort", the name of the contractor is not stated but it is the opinion of this Division that most, if not all, contractors performing this service have a higher total charge than 7%.

7. This Division is glad to add its opinion to those expressed by Inspection and Review and the Technical Services Staff (in References a and b) that the number of problems is small in relation to the large volume of TSS business being performed, and believes that continued co-operation will further reduce the number of problems to the minimum.

8. Several other points raised in References a and b are not commented on here since they are either being handled by other Offices or are not within its purview.



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Memo 17 Dec. 1952

LO/PD/CB/HFW:le (8 December 1953)

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